



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Connecticut Insurance Department

Testimony Before the

Insurance and Real Estate Committee

February 26, 2015

Raised Bill No. 907 —An Act Concerning Changes to the Insurance Statutes

Senator Crisco, Representative Megna, Ranking Members, and Members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to offer written testimony in support of Senate Bill 907 - An Act Concerning Changes to the Insurance Statutes. Thank you for raising this bill at the Department's request.

Section 1 of this bill would make a minor change to section 38a-397 of the Connecticut General Statutes which was enacted last year (Public Act 14-64). It would simply provide that any license issued by the Commissioner to a seller of portable electronics insurance would expire on January 31 of every even numbered year. This section will provide for administrative efficiencies by streamlining the expiration of portable electronic insurance licenses.

Section 2 of this bill would modernize section 38a-712 of the Connecticut General Statutes. Currently, the Commissioner has the authority to suspend a license of a producer if such producer submits a check that is subsequently dishonored (bounced). SB 907 would allow the Commissioner to suspend a license for any type of dishonored payment whether it be a dishonored check, electronic payment or otherwise.

Section 3 of this bill would make a minor change to section 38a-142 of the Connecticut General Statutes which was enacted last year (Public Act 14-107). This statute provides requirements for maintaining a risk management framework and provides guidance to insurers or insurance groups relating to the filing of Own Risk and Solvency Assessment (ORSA) summary reports to the Insurance Commissioner. SB 907 will amend section 38a-142(i) which requires written permission from carriers before the Commissioner can share the ORSA report with other regulators. This was an unintended deviation from the National Association of Insurance Commissioners (NAIC) Model Act which does not require written permission for regulator to regulator communication. With the change provided by SB 907, section 38a-142 will conform to the NAIC accreditation standard which the Department anticipates will be required to be in place by year end 2017 in order for the Department to maintain NAIC accreditation.

Section 4, 5 and 6 of this bill will combine the Third Party Administrator (TPA) requirement of an annual report with the TPA annual application renewal requirement. If passed, SB 907 will promote administrative efficiencies for the Department and afford a less burdensome regulatory process for TPAs.

The Department thanks the Insurance Committee Chairs and members for the opportunity to submit testimony on S.B. 907 and urges its passage.

About the Connecticut Insurance Department: The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. Each year, the Department returns an average of \$100 million a year to the state General Fund in license fees, premium taxes, fines and other revenue sources to support various state programs, including childhood immunization.

